

Allisya Rupiah Balanced Fund

August 2016



BLOOMBERG: AZSRPBL:IJ

INVESTMENT OBJECTIVE

The objective of this fund is to achieve conservative long term capital growth while earning relatively stable income.

INVESTMENT STRATEGY

To achieve the investment objectives, this fund shall be invested with a target of 7.5% in short term sharia instruments (such as deposits of sharia, sharia SBI, sharia SPN, and / or money market mutual funds), 40% in medium or long term sharia instruments (such as sharia bonds, sharia corporate bonds and / or sharia fixed income mutual funds), and 52.5% in the sharia based equity instruments in accordance to OJK's decision (either directly through sharia stocks or through sharia equity mutual funds).

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period **15.69%**
 Best Month **10.95%** Jul-09
 Worst Month **-14.39%** Oct-08

Portfolio Breakdown

Equity **53.11%**
 Treasury Bonds **31.45%**
 Govt. Related Bond **0.55%**
 Mutual Funds - Bonds **2.79%**
 Sharia Cash/Deposit **12.10%**

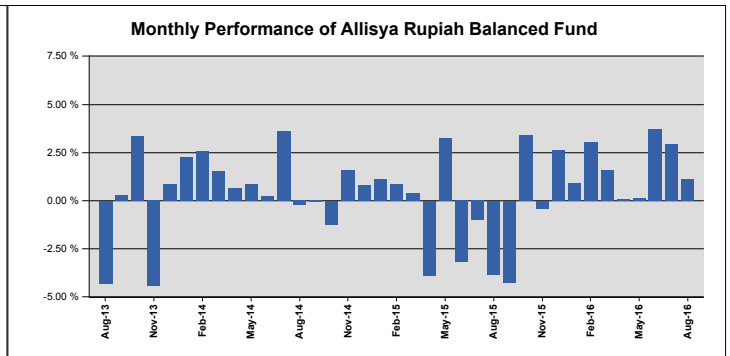
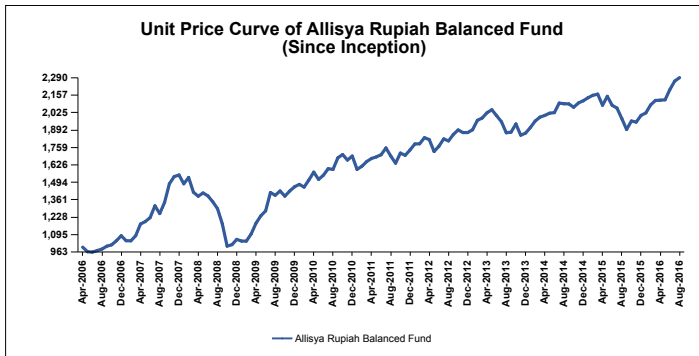
Top Five Bonds Holding

INDOIS 8 7/8 11/15/31 **19.26%**
 IND0IS 8 3/4 08/15/23 **5.96%**
 PBS001 4.45% 15/2/18 **3.44%**
 PBS002 5.45% 15/1/22 **1.35%**
 PBS004 6.1% 15/2/37 **0.75%**

Top Five Stocks Holding

Telekomunikasi Indonesia **10.59%**
 Unilever Indonesia **8.22%**
 Astra International **7.89%**
 Indofood CBP Sukses Makmur **2.60%**
 Kalbe Farma **2.08%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Balanced Fund	1.14%	7.93%	9.93%	15.69%	22.42%	14.33%	129.03%



KEY FUND FACTS

Fund Size (in bn IDR) : IDR 541.84
Risk Profile : Moderate
Launch Date : 25 Apr 2006
Fund Currency : Indonesian Rupiah
Managed by : PT Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit (As of Aug 31, 2016) : **Bid** IDR 2,175.74 **Offer** IDR 2,290.25
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Aug's deflation at -0.02% mom (vs consensus inflation +0.02%, inflation +0.69% in Jul 2016) mostly was caused by lower food ingredients, communication and transportation cost also financial services. On yearly basis, inflation lower to 2.79% YoY (vs consensus 3.02%, 3.21% in Jul 2016). Core inflation printed at 3.32% YoY, lower than previous month (3.49% in Jul 2016). In the Board of Governors' Meeting on 18-19 Aug 2016, Bank Indonesia maintained its 7-day Reverse Repo Rate at 5.25%, Deposit Facility (DF) however reduced the Lending Facility (LF) by 100bps from 7.00% to 6.00%. Rupiah depreciated by -1.57% to 13,300/USD at end of July as opposed to 13,094/USD previous month. Trade balance booked a surplus of +US\$0.6bn (non-oil and gas surplus +US\$1.07bn, oil and gas deficit US\$-0.48bn) in Jul 2016. Export fell by -17.02% YoY mostly driven by a reduction in exports of jewelry, while imports fell by -11.56% YoY. FX Reserves rose by US\$2,13bn from US\$111,41bn in Jul 2016 to US\$113,54bn in Aug 2016 on the back of revenue from tax, and oil-gas, as well as proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for 8.7months imports or 8.3months imports and government external debt payments.

IDR government bond yields closed higher all across the curve in Aug 2016 due to the possibility of the Fed rate hike in September post the strong US NFP; people prefer to wait and see for the further catalyst. However, some domestic data result gave some support to the market, such as lower CPI and continuous huge demands on the government bonds auction as well as better 2Q16 GDP result. Another positive sentiment came from the revised 2016 budget deficit target from 2.35% to 2.5% as it seem more realistic. BI announcement for the new benchmark rate (7-day reverse repo rate, to replace BI rate) also gave positive sentiment to the market. Budget revised again as the new Finance Minister estimates tax revenue shortfall will be IDR219tn due to falling commodity and energy prices, and as a consequence government will need to cut spending further and issue another IDR17tn of bonds to manage the deficit. However market may see this as long-term positive, as government finally realized the ambitious tax revenue target may not be achieved by year-end, and thus act accordingly before it's too late. Offshore accounts increased their holding by IDR 9.06Tn in Aug 2016 (+1.38% MoM), from IDR 659.03Tn as of Jul 2016 to IDR 668.09Tn as of Aug 2016, which brought their holding to 38.87% of total outstanding tradable government bond (from 39.39% in the previous month). The 5Y yield Aug2016 ended 4bps higher to 6.80% (6.76% in Jul 2016), 10Y tenor ended 18bps higher to 7.12% (6.94% in Jul 2016), 15Y tenor ended 17bps higher to 7.41% (7.24% in Jul 2016) and 20Y tenor ended 10bps higher to 7.49% (7.39% in Jul 2016).

The JII (Jakarta Islamic Index) closed higher in August at 746.87, gaining +2.79% MoM. Large cap stocks such as ASII, ICBP, UNTR, KLBF, and UNVR contributed to the MoM gain, all of which rose by +5.50%, +15.99%, +19.05%, +7.16%, and 1.33% MoM respectively. The equity market continued to stay in positive territory, driven by foreign inflow amounting US\$3bn YTD. Strong inflow wasn't merely driven by the euphoria of tax amnesty program, but also supported by bold moves from Minister of Finance by cutting state expenditure of IDR 130tn as 2016 tax revenue target will likely be missed by IDR 219tn. Such moves showed that she brooks no nonsense in imposing budgetary discipline, which become another major positive for the index. Going forward, further improvements in the macroeconomic environment, stronger IDR, stable inflation and lower interest rate that will further support economic growth and corporate earnings. However, the execution of the tax amnesty is now the biggest concern, especially given the aggressive target of IDR 165tn. Investors were also concerned about the valuation as market has increased 23% YTD in USD terms, which makes risk-reward is not too attractive at this level. Bottom line, structural story on Indonesia is indeed evolving but will take time as it will depend on the success of the implementation of the tax amnesty and how the current government continues to push infrastructure projects and encourage new investment to the manufacturing sector to replace the strong dependency on commodity exports. Sector wise, the Basic Industry Sector was the best performing sector this month, appreciating by +12.52% MoM. SMGR (Semen Indonesia) and INTIP (Indocement) were the movers; gaining by +5.60% and +3.66% MoM respectively. This was followed by the Agriculture Sector that posted +5.74% MoM gains, driven by LSIP (London Sumatra) and AALI (Astra Agro Lestari) which rose +13.88% and +13.10% MoM respectively. On the other side, Infrastructure Sector was the worst performing sector this month, losing by -3.68% MoM. PGAS (Perusahaan Gas Negara) and JSMR (Jasa Marga) were the laggards, falling -8.21% and -8.73% MoM respectively.

Disclaimer:

Allisya Rupiah Balanced Fund is a unit linked fund offered by PT. Asuransi Allianz Life Indonesia (Allianz). This fact sheet is prepared by Allianz. The information presented is for informational use only. The performance of the fund is not guaranteed and the value of the units and the income from them may increase or decrease. Past returns and any forecast are not necessarily a guide to future performance. Allianz does not warrant or make any representations regarding the use or the results of the use of the figures generated in terms of their correctness, accuracy, reliability, or otherwise. You are advised to seek your financial consultant before making any investment.